"The important thing in science is not so much to obtain new facts as to discover new ways of thinking about them."

sir william henry bragg 1915 nobel laureate

CANGENE DOESN'T FIT THE TYPICAL PROFILE OF A BIOTECHNOLOGY COMPANY. Even after posting nineteen profitable quarters in the last five years, Cangene is often overlooked by the investment community. Positive EBITDA, product sales and a solid manufacturing base distinguish Cangene from many of its peers.

More accurately, Cangene is a biopharmaceutical company – developing and manufacturing therapeutic drugs using sophisticated biotechnology processes. Boasting an advanced clinical pipeline, Cangene has five products either in Phase III, filed or approved. Cangene develops, manufactures, and markets specialty plasma products (hyperimmunes) and recombinant protein drugs for international markets. Using innovative technology and manufacturing expertise, Cangene is pursuing its own niche in both product areas. A growing contract manufacturing business capitalizes on the Company's proven manufacturing capabilities and adds to near-term revenue.

Cangene believes its blend of profitable and emerging products offers investors a balance of financial stability and growth potential.

Listed on the Toronto Stock Exchange since 1991 under the symbol CNJ, Cangene also plans a Nasdaq® listing in 2001. Additional company information can be found at www.cangene.com.

NFORMATION *in thousands $'s Cdn except share and per-share data*

	YEAR ENDED JULY 31 2000	YEAR ENDED JULY 31 1999	YEAR ENDED JULY 31 1998
	$ 47,138	$ 40,569	$ 28,300
	29,034 [1]	22,641	15,140
	11,196	8,667	6,430
	1,140	269	264
t tax credits)	12,242	10,036	7,045
	14,994 [1]	15,412	11,000
	0.25 [1]	0.26	0.19
	25,343 [1]	17,820	13,005
	0.43 [1]	0.30	0.22
	16,236	12,908	1,176
	53,467	45,460	30,183
shares	# 59,072,860	# 59,196,308	# 59,123,220

urring charge of $4.5 million or $0.08 per share ($2.8 million or $0.05 per share after tax) related to certain manufacturing
ear and a special non-recurring charge of $2.7 million or $0.05 per share ($1.7 million or $0.03 per share after tax) related to
s outside North America.

NEW WAYS TO USE THE BODY'S OWN PRODUCTS
TO COMBAT DISEASE

an advanced drug
pipeline; five products
in phase III or better

One of the best places to work in Canada according to *Canada's Top 100 Employers* list

Cangene ranked #286 in the *Report on Business* Top 1000 companies; up from #308 last year

Manitoba Business Magazine ranked Cangene #1 in terms of investment in R&D as a percentage of gross revenue, #7 in terms of percentage gross revenue from export sales and #9 in terms of percentage increase in gross revenue

44th fastest growing technology company in Canada and 472nd fastest in North America according to Deloitte and Touche

In the *Profit Magazine*, Profit 100: The Next 100, a list of Canada's fastest growing companies, Cangene ranked #123 by revenue growth over 5 years

Unless stated otherwise, dollar amounts are in Canadian dollars.

COMPANY PROFILE

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SELECTED FINANCIAL INFORMATION *in thousands $'s Cdn except share and per-share data*

	YEAR ENDED JULY 31 2000	YEAR ENDED JULY 31 1999	YEAR ENDED JULY 31 1998
Sales	$ 47,138	$ 40,569	$ 28,300
Gross Margin	29,034 [1]	22,641	15,140
Research Income	11,196	8,667	6,430
Other Income	1,140	269	264
Research Expenses (net of investment tax credits)	12,242	10,036	7,045
Net Income	14,994 [1]	15,412	11,000
Earnings per share	0.25 [1]	0.26	0.19
EBITDA	25,343 [1]	17,820	13,005
EBITDA per share	0.43 [1]	0.30	0.22
Cash, end of year	16,236	12,908	1,176
Shareholders' Equity	53,467	45,460	30,183
Weighted average number of common shares outstanding during the year	# 59,072,860	# 59,196,308	# 59,123,220

1 Excluding special charges, which include a non-recurring charge of $4.5 million or $0.08 per share ($2.8 million or $0.05 per share after tax) related to certain manufacturing activities and regulatory technicalities during the year and a special non-recurring charge of $2.7 million or $0.05 per share ($1.7 million or $0.03 per share after tax) related to the restructuring of certain distribution agreements outside North America.

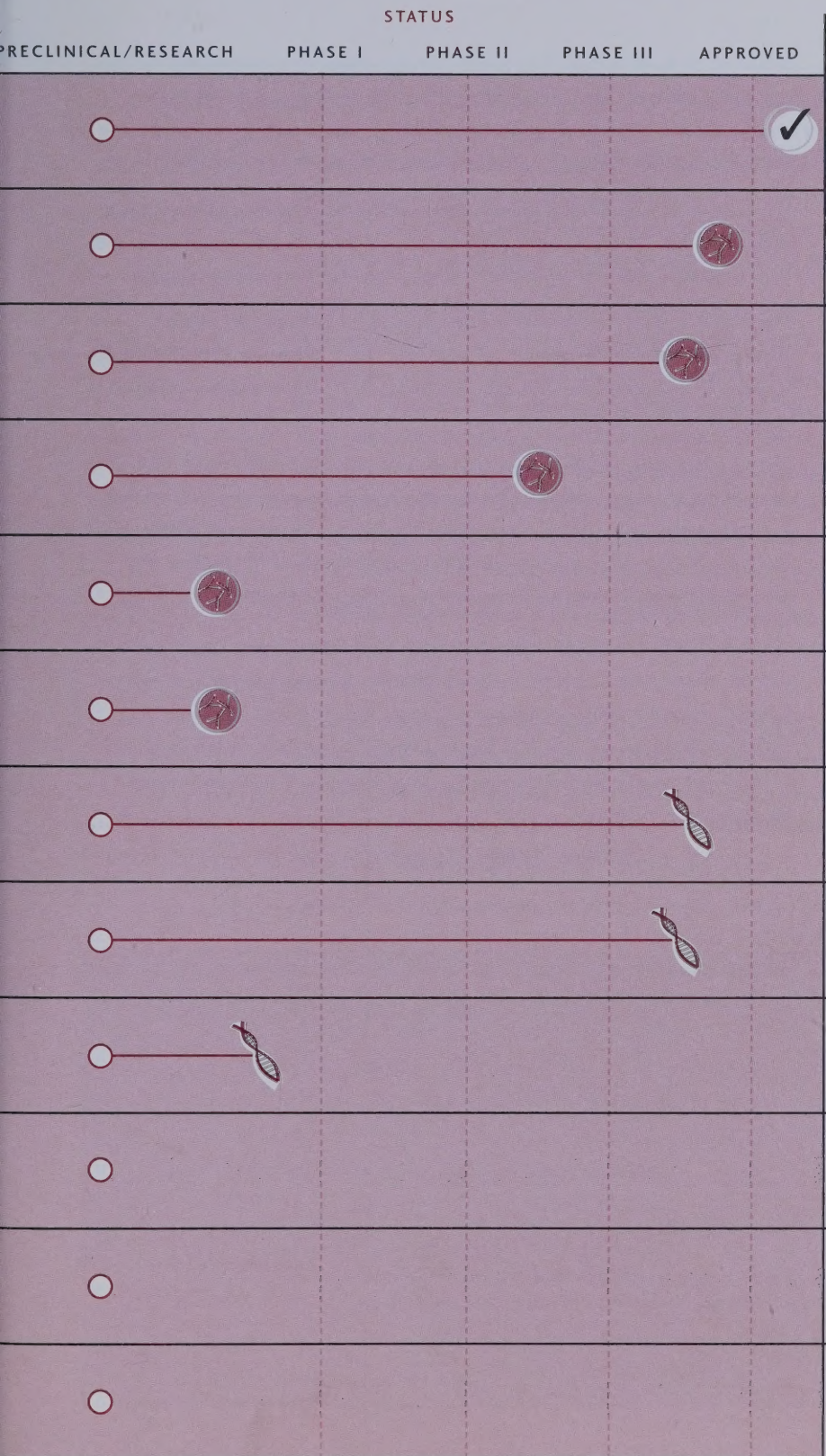
NEW WAYS TO USE THE BODY'S OWN PRODUCTS
TO COMBAT DISEASE

an advanced drug
pipeline; five products
in phase III or better

PRODUCT	DESCRIPTION	INDICATION
WinRho SDF™	**Hyperimmune** – purified antibody specific for Rh^+ red blood cells (also called Anti-D immunoglobulin)	Preventing **hemolytic disease of the newborn** and treating **ITP** (a platelet disorder)
VariZIG™	**Hyperimmune** – purified antibody specific for *Varicella zoster* virus (chicken pox virus)	Preventing **chicken pox during pregnancy**
Anti-Hepatitis B	**Hyperimmune** – purified antibody specific for Hepatitis B virus	Preventing **Hepatitis B** infection
CNJ H01	**Hyperimmune** – undisclosed antibody	Undisclosed
CNJ H02	**Hyperimmune** – undisclosed antibody	Undisclosed
CNJ H03	**Hyperimmune** – undisclosed antibody	Undisclosed
LEUCOTROPIN™	**Biopharmaceutical** – Granulocyte-Macrophage Colony-Stimulating Factor (GM-CSF) – protein that enhances mature, infection-fighting white blood cell production	Enhancing mature **white blood cell production** in stem cell transplantation for cancer patients
hGH	**Biopharmaceutical** – Human Growth Hormone – protein that promotes growth of long bones before puberty and has a positive metabolic effect on tissues	Children with **growth hormone deficiency** and girls with **Turner's Syndrome**
CNJ R03	**Biopharmaceutical** – undisclosed recombinant protein	Undisclosed
CNJ R04&5	**Biopharmaceutical** – undisclosed recombinant proteins	Undisclosed
RHAMM	**Innovative** – collaborative project investigating peptides that affect wound healing and may reduce scarring	Potential uses such as **surgical incisions, burns and fibroses**
CNJ I03	**Innovative** – technology to modify or improve products made using CANGENUS™	Undisclosed

The above table and other sections of this report contain certain forward-looking comments that involve risks an
as regulatory approval, clinical trial progress, the commercial or technical success of new products, the actions o

PRODUCT PIPELINE



MILESTONES (BASED ON CALENDAR YEAR)
Liquid formulation filing U.S. (expected Q2/2001); European Union filing (expected Q3/2001)
Canadian licensure (expected Q1/2001)
File BLA with FDA (expected Q1/2001); file Phase III/IV IND with FDA for liver transplant (expected Q2/2001)
Complete patient recruitment (expected Q1/2001)
IND filing (expected Q3/2001)
IND filing (expected Q2/2001)
Complete patient recruitment (expected Q4/2000)
Complete patient recruitment (expected Q1/2001)
IND filing (expected Q2/2001)
Various/undisclosed
Licensing arrangements and development plans under discussion
Improve efficacy of technology (expected Q4/2001)

ertainties. While the comments reflect management's judgment, there can be no guarantees with such events petitors, or the availability of raw materials. Actual results may differ materially from those projected.

PRESIDENT'S MESSAGE TO SHAREHOLDERS

WHAT'S OLD IS NEW The impact of biotechnology on human health becomes more dramatic every year. Of the 1000 or so drugs undergoing clinical trials in the U.S., 369 are biotechnology products.* Advancing technologies are improving existing drugs. And biotech increasingly addresses the most complex diseases we face.

Yet, many of our best defenses against disease are not new. Our own bodies produce them – healthy immune systems mount effective resistance to infectious diseases and healthy organs produce hormones that choreograph important cellular processes.

Our task is to discover new ways to think about these proteins and then to discover new ways to manufacture or administer them. With five products already in Phase III testing or better, Cangene continues to succeed at its task and boasts a well advanced clinical pipeline.

TREMENDOUS POTENTIAL

I believe hyperimmune plasma products present the real possibility of a medical breakthrough. These purified antibodies offer tremendous potential as a new way of fighting infectious diseases, especially in light of growing bacterial antibiotic resistance. Based on our expertise manufacturing WinRho SDF™, we have the opportunity to target some of the most serious infectious diseases.

Another area of potential for us is our development of biopharmaceutical products and improved processes for their manufacture. We are developing several of these products under an R&D agreement with Apotex Inc., and while these products will share their markets with established products, the markets are very large and I believe our proprietary manufacturing technologies give our products a great competitive opportunity.

* *The Pharmaceutical Research and Manufacturers of America.*

REPORT CARD

STATED 2000 OBJECTIVE		HOW DID WE DO?
Approval of WinRho SDF™ in Australia and New Zealand	✓	Approved in New Zealand December 1999; Australia July 2000
Begin trial of Cangene's own anti-Hepatitis B product	✓	Pivotal trial complete
Continue expanding contract manufacturing business	✓	Some expansion of business; revenue increased to approximately 13.5%. New facility will provide greater scope of possible projects
Complete construction of new biopharmaceutical manufacturing facility		Main construction complete. Employees in certain areas have moved into the new facility. Validation expected fiscal 2001
Begin clinical development of innovative, yet-to-be disclosed, hyperimmune	✓	Phase II trial begun mid-2000

WINRHO STRATEGY

As before, WinRho SDF™ furnished the lion's share (~82%) of our revenue. Since it was first licensed, WinRho has treated nearly two million high-risk pregnancies. I expect it to continue as our key product for about the next three years, although by then I would expect it to account for less than 50% of sales as other approved products join it. While we expect WinRho SDF™ to account for a decreasing percentage of total revenue, we nevertheless expect its sales to continue growing.

To fuel growth, we'll focus on increasing international sales through expanding WinRho's usage in the U.S., and gaining European licensure. Much of the growth so far has been driven by market demand. Going forward, new markets may require additional effort, and we recently reorganized and expanded our marketing department to meet the challenge. We received Australian approval for WinRho SDF™ late in the fiscal year, and while sales in that country hadn't begun in fiscal 2000, I expect this to be a significant new market for us. We're currently opening up several smaller markets in the Middle East, and Central and South America.

One disappointment this year has been WinRho's rather slow regulatory progress in Europe. We are concentrating on advancing our European filing.

In the U.S., our largest market, sales have been almost entirely for the ITP indication. We plan to redouble efforts to compete in the Hemolytic Disease of the Newborn (HDN) market there. Conversely in Canada, where we command almost the entire HDN market, we will focus on increasing usage of WinRho to treat ITP.

As you probably know by now, our ability to supply WinRho to our U.S. distributor, Nabi, was interrupted near the end of the 2000 fiscal year. The delay arose from additional regulatory requirements imposed by the FDA as a result of certain manufacturing activities in the facility where WinRho is manufactured. The interrupted supply to Nabi has been resolved, but the delay significantly affected earnings for the fourth quarter, and sales and earnings for the first quarter of fiscal 2001 (ended October 31, 2000) will be significantly lower than previous quarters.

NEW PRODUCT DEVELOPMENT

Our new drugs progressed markedly this year. Two of our previously disclosed products, anti-Hepatitis B and Human Growth Hormone (hGH), entered pivotal clinical trials; the anti-Hepatitis B trial is complete and we hope to complete patient recruitment for hGH early next year. The hGH trials were designed to support licensure in Canada, the U.S., Europe and other jurisdictions. The anti-Hepatitis B is our third hyperimmune to reach this advanced phase of development. And, as

OUR TASK is to discover new ways to think about these proteins and then to discover new ways to manufacture or administer them. With five products already in Phase III testing or better, Cangene continues to succeed at its task and boasts a well advanced clinical pipeline.

you know, VariZIG™ is awaiting licensure in Canada where we hope for approval early next year.

Possibly the most exciting development this year is an innovative hyperimmune product of ours that entered Phase II clinical testing this summer. It addresses an unmet medical need and could represent a significant market opportunity for Cangene.

The addition of sites in the U.K. to our Phase III clinical trial for LEUCOTROPIN™, our lead recombinant product, has been extremely successful. The trial is progressing well, and we should have all the necessary patients recruited by the end of the year. We hope to have the data analysis complete by the end of calendar 2001.

I'm very proud of all this progress; we continue to meet our new product milestones.

In addition to our own products, we manufacture an anti-Hepatitis B product for Nabi. This product is approved in the U.S. and is awaiting regulatory approval in Canada, where we will share in profits realized from its sale.

CONTRACT MANUFACTURING INITIATIVE

As the demand within the maturing biopharmaceutical industry intensifies, our contract manufacturing initiative continues to be a strong revenue generator. In fiscal 2000 it accounted for about 13.5% of sales, and I expect this to grow substantially over the next few years. Cangene excels in manufacturing process-sensitive biopharmaceutical products, particularly injectables, giving us a distinct niche in the marketplace.

AT A GLANCE

2000 FISCAL ACHIEVEMENTS/EVENTS

- VariZIG™ granted priority review status
- New Phase III LEUCOTROPIN™ trial started in Canada and the U.K. (U.S. trial was stopped due to changes in clinical practice)
- Began construction of biotech facility in Winnipeg; facility nearing completion
- Listed in Deloitte & Touche Fast 50, fastest growing technology companies in Canada
- Nabi filed for Canadian approval of its anti-Hepatitis B product, Nabi-HB™; Cangene manufactures this product and will share in Canadian profits
- New Vice President R&D appointed
- Normal course issuer bid continued; stock buy-back active early in the year
- Began pivotal trial of anti-Hepatitis B (Cangene's own product)
- Shareholders approved a 3-to-1 share consolidation in anticipation of future Nasdaq® listing
- Pivotal human growth hormone trials begun in Poland and Hungary
- Began Phase II clinical trial of undisclosed hyperimmune
- Cangene named one of Top 100 employers in Canada
- WinRho SDF™ approved in Australia and New Zealand

NASDAQ® LISTING

In terms of corporate objectives, we plan to enter the U.S. investor market through a Nasdaq® listing during 2001. This move will give us a wider audience for our stock, which should ultimately increase liquidity, improve our valuation, and increase our visibility to American researchers and potential contract manufacturing customers. In conjunction with the Nasdaq® listing, we plan to consolidate (reverse-split) our common shares on a 3-to-1 basis. We believe this may elicit greater acceptance by U.S. institutional investors. Shareholders approved the plan in June.

LONG-TERM GROWTH

In addition to our plans of developing our contract manufacturing business, we should also be able to launch a number of new products over the next few years. Both should lead to continued sales growth.

We realize a gap is beginning to form between early-stage projects and products that are near to the market. In that regard we are expanding our R&D efforts – both internally and through collaboration. In November 1999 we hired Dr. Wendy Johnson as Vice President R&D; Wendy has nearly 25 years' experience in the human health area, where she was primarily focused on infectious disease. R&D projects include new product ideas based on existing technology, as well as drug delivery, manufacturing or drug-modification technologies.

FINANCIAL RESULTS

This year we were fully taxable for the first time, but if you exclude taxes and special non-recurring charges related to certain manufacturing activities and restructuring of non-North American distribution agreements, our earnings for the year were $22.2 million: an increase of 43% over the 1999 fiscal year.

Net earnings, for the year ended July 31, 2000, were $15.0 million or $0.25 per share, excluding the impact of special charges. When adjusted to reflect the special charges, net earnings were $10.0 million or $0.17 per share compared to $15.4 million or $0.26 per share for the year ended July 31, 1999. The special charges include a non-recurring, after-tax charge to cost of sales of $0.05 per share ($4.5 million pre-tax; $2.8 million after tax). This charge results from certain manufacturing activities and regulatory technicalities. As a result of this and a change in profit sharing with respect to WinRho SDF™ sales in the United States, gross margin decreased from 56% in the year ended July 31, 1999 to 50% in the 2000 fiscal year. Until the second quarter of the year ended July 31, 2000, Cangene received 60% of profits from sales by its U.S. distributor, Nabi; Cangene now receives 50% as per their distribution agreement. In addition, the results for the year include after-tax charges of $0.03 per share ($2.7 million pre-tax; $1.7 million after tax) relating to the anticipated restructuring of certain distribution agreements outside North America.

OBJECTIVES 2001

VariZIG™ approved in Canada

WinRho SDF™ liquid formulation filed in U.S.

NASDAQ® listing

Complete LEUCOTROPIN™ and hGH trials

New biopharmaceutical manufacturing facility completed – validated and operational

Sales for the year ended July 31, 2000 were $47.1 million, an increase of 16% over sales for the year ended July 31, 1999 of $40.6 million. Sales for the year were somewhat impacted by the manufacturing activities mentioned above that affected Cangene's ability to supply product.

Research revenues were $11.2 million for the year ended July 31, 2000, an increase of $2.5 million or 29% over the 1999 fiscal year. This increase is a result of greater development costs associated with Apotex Inc.-funded projects during the year. Research expenses for 2000, net of investment tax credits, were $12.2 million, an increase of 22% over the previous year. This significant increase resulted from the increase in Apotex Inc.-funded projects, as well as an increase in other clinical trial activity and new projects.

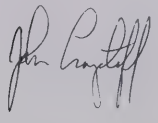
As a result of the above-mentioned special charges of $2.7 million related to the restructured distribution agreement, S,G & A expense for the year increased from $6.1 million in the year ended July 31, 1999 to $8.8 million in the 2000 fiscal year, an increase of 46%. In the year ended July 31, 2000, Cangene recorded a $5.0-million income tax expense; this compares to only $72,000 in the previous year due to the use of previously unrecognized tax losses carried forward. Cangene completed repayment of a loan from Nabi in the third quarter of fiscal 2000. Cash at July 31, 2000 was $16.2 million: an increase of $3.3 million.

OUR BIGGEST ASSET

It has been said before that in a technology company its key assets walk in the door every morning. That statement is so true for our industry, which is why I was gratified when Cangene was named one of the best places to work in Canada by the editors of Canada's Top 100 Employers. Keeping and attracting skilled people is key to our success, but more importantly I'm delighted that Cangene is a good place to work.

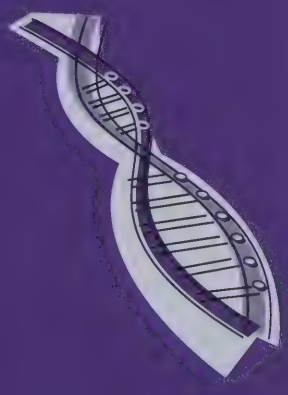
LOOKING FORWARD

I see significant opportunities for us. Our strategy continues to be one of relatively low-risk product development. Our pipeline is full of a variety of products based on sound manufacturing technology. While building shareholder value is certainly a priority, we are less intent on short-term gains than on long-term growth. Our challenge going forward is relatively unusual for a biotechnology company – our shareholders have come to expect 40–60% revenue growth over the last five years. I truly believe the real excitement is in our pipeline and that we have a lot to look forward to.



Dr. John Langstaff
President and Chief Executive Officer
October 27, 2000

NEW WAYS TO MANUFACTURE BIOPHARMACEUTICALS



reputation for
manufacturing
specialty products;
wincho sold in ~30
countries worldwide

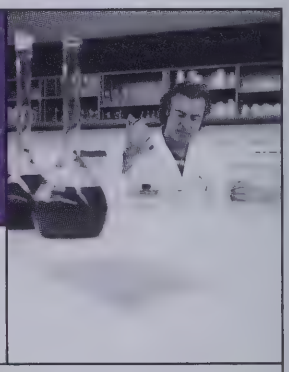
NEW PRODUCT DEVELOPMENT

BUILDING A PRODUCT PIPELINE Cangene has a well advanced clinical pipeline. Manufacturing capability differentiates Cangene from peer companies and drives new product development. Concentrating on platform manufacturing technologies rather than a single product or disease area, Cangene enjoys lower development risk and a diverse product pipeline.

Behind Cangene's extensive pipeline and publicly-disclosed products is a strong R&D team, led by Dr. Wendy Johnson, a 25-year veteran in the human health arena. Factors such as intellectual property situation and market need are key elements in evaluating potential new products. R&D efforts may also be directed at manufacturing improvements or areas like drug-delivery technology, and may relate to Cangene's own products or its contract manufacturing endeavours.

PRODUCT DEVELOPMENT STRATEGY: STRENGTH IN TECHNOLOGY

- Diversified pipeline; broad technology platform
- Products developed based on manufacturing expertise, not a specific disease area
- Steady growth potential
- Minimized new product development risk
- Two key product areas – hyperimmunes and recombinant proteins
- Advance manufacturing capability through acquisition, in-license or in-house development



DIVERSIFIED RISK *Unlike many of its peers, Cangene has not focused on a single product or single disease category; rather it develops products based on platform manufacturing technologies. Its strength lies in its ability to develop key technologies and turn those technologies into products. This approach diversifies risk and minimizes the difficulties of new product development. By not looking for a single blockbuster, Cangene has built a solid product pipeline with steady growth potential.*

Cangene's products can be divided, by their underlying production technologies, into two categories – hyperimmunes and recombinant proteins (biopharmaceuticals).

WHAT ARE HYPERIMMUNES?

Hyperimmunes are highly purified and concentrated preparations of specialized natural antibodies. They are isolated from the plasma of donors who are selected because they have a particular type of antibody in their blood.

Antibodies are the body's immune response to an antigen: something it doesn't recognize as being part of itself, for example, a virus or a transplanted tissue that has different surface identifiers (like an unmatched blood type). Sometimes, for reasons not well understood, the body raises antibodies to its own tissues or

organs – this is called an autoimmune condition. Antibodies are usually very specific to their particular antigen, and in the ideal immune response the body retains a type of memory for that antigen. If it is exposed again, it can quickly raise a protective response. This is the principle behind a vaccine. The vaccine acts as the first exposure and then the body is able to protect itself from an infectious disease.

WHERE DO HYPERIMMUNES FIT IN?

Hyperimmunes can be used in two ways. Firstly, they can be used to prevent an immune reaction. Because the patient gets a concentrated shot of antibodies, the antigen is neutralized before the patient's own immune system sees it – so no immune response is raised. This is the way Cangene's WinRho SDF™ (described on page 13) is used. Secondly, hyperimmunes can be used to provide a patient with immediate immunity, either when there isn't time to wait for a vaccine response or when their immune system isn't functioning properly. Immunity provided by hyperimmunes is temporary, and in chronic conditions requires ongoing treatment.

Development of new hyperimmunes is relatively straightforward based on the established WinRho manufacturing process. As the ability to treat infectious diseases becomes ever more compromised by multidrug antibiotic resistance, immunotherapy becomes an increasingly attractive alternative.

GLOSSARY

Antibody A protein made by white blood cells that reacts with a specific foreign protein as part of the immune response; autoimmune disorders occur when the body inappropriately makes antibodies against its own tissues or cells

Antisense Molecules containing nucleic acid sequences complementary to a target nucleic acid; used to block activity at the target

Bioequivalence/ Bioavailability Comparison of a test drug with a reference (approved) drug

BLA Biologics License Application

CANGENE'S CORE: THE HYPERIMMUNE BUSINESS

- Addresses unmet medical needs like infectious disease markets
- Potentially very large markets
- Cangene an acknowledged industry leader
- Proven manufacturing process – 20 years' experience
- Small batch, high-value, high-margin process
- Development of new products relatively straightforward based on established process (as long as appropriate plasma is available)

Specialty Antibodies – purified and used for immune system modification

WinRho SDF™

VariZIG™

anti-Hepatitis B

undisclosed products

PURITY – A COMPETITIVE ADVANTAGE *Separating itself from the traditional plasma industry, Cangene uses small batches and sophisticated biotechnology processes to manufacture its hyperimmunes. This, and the application of special methods to inactivate and remove potential infectious agents, ensures Cangene's products are of the highest possible quality, giving them a competitive advantage by enabling alternative routes of administration, thus opening opportunities for new uses.*

RECOMBINANT PRODUCTS (BIOPHARMACEUTICALS)

When people think of biotechnology, whether they understand the process or not, they usually think of recombinant proteins. These are proteins made by inserting the genetic blueprint for their design into a host cell, which makes the desired protein as though it was one of its own natural proteins. Cangene uses carefully designed host cells, like its patented CANGENUS™ system, that make the protein in a cost-effective and easily purified manner. Benefiting from its manufacturing expertise, Cangene's biopharmaceuticals enjoy superior quality.

A number of products in development are funded by a $55-million R&D agreement with Apotex Inc., a leading Canadian generic drug company. Cangene is using the strength of its proprietary manufacturing technologies to develop versions of proteins already shown to be commercially successful – pioneering the concept of subsequent-entry biopharmaceuticals. Successful application of this approach has two advantages: a) it reduces the risk in new product development because the products have already proven themselves, and b) it may reduce the development time by using a modified drug approval process similar to that used by the traditional generic drug industry.

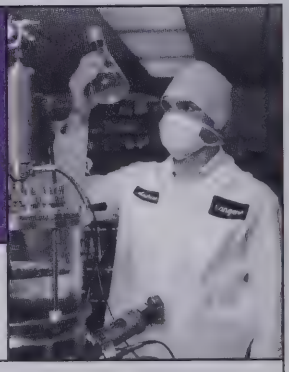
A NOVEL STRATEGY: SUBSEQUENT-ENTRY BIOPHARMACEUTICALS

- Reduced product development risk
- Competing on price in increasingly cost-conscious healthcare environment
- Potentially reduced clinical testing requirements
- Competing in very large markets
- Proprietary manufacturing technology
- Many important drugs beginning to come off patent

Recombinant proteins – Cangene's cost-effective versions of commercially successful products

LEUCOTROPIN™

Human Growth Hormone



COST-EFFECTIVE PRODUCTION *Cangene has the advantage of using the latest technology in its manufacturing processes. Recombinant proteins are made by introducing a gene of interest into a host cell system and using that host as the production vehicle. Cangene's processes, like its proprietary CANGENUS™ technology, are extremely cost-effective, yet result in products of superior quality.*

CANGENE'S PRODUCTS

WINRHO SDF™

The immune system, which can save your life when you are exposed to infection, sometimes oversteps its desired boundaries with serious consequences. Unlike most hyperimmune products, WinRho SDF™ is designed to prevent an immune reaction. WinRho comprises concentrated antibodies specific for the D-antigen on the surface of Rh^+ red blood cells. These antibodies are approved for two therapeutic uses:

- preventing Hemolytic Disease of the Newborn (HDN), a severe blood-type incompatibility between a pregnant woman's immune system and the fetal blood. The problem occurs when the woman has a negative blood type (e.g., O^-) and the fetus has a positive type. This can occur in 3–7% of pregnancies – posing a dire threat to the fetus if untreated. After nearly 2 million doses, WinRho has established a track record of safety and 99.9% efficacy.
- treating immune thrombocytopenic purpura (ITP), an autoimmune condition that interferes with the blood's ability to clot because the platelets are attacked. WinRho helps prevent this damaging immune reaction. This relatively common disorder affects about 10–125 people per million, often with an unknown cause or due to viral infection. In adults with chronic ITP, women are affected about three times as frequently as men. WinRho can be used for this indication because it is pure enough for intravenous administration. It has Orphan Drug status and sales in the U.S. for treating ITP constitute its largest market.

EBITDA Earnings before interest, taxes, depreciation and amortization

FDA United States Food and Drug Administration: a regulatory body

Fibrosis A thickening and scarring of connective tissue

HDN Hemolytic Disease of the Newborn, a severe blood type incompatibility between a pregnant woman and the fetus

Hyperimmune A highly purified preparation of antibodies extracted from specially selected plasma

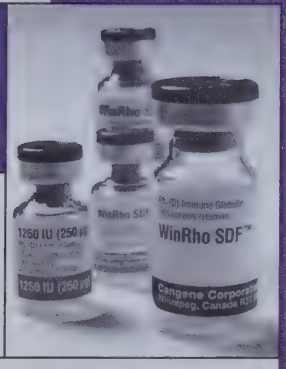
IND Investigational New Drug submission to a regulatory agency

KEY POINTS ABOUT WINRHO SDF™

- A truly Canadian drug – developed and manufactured in Canada
- Recent approval Australia; awaiting approval in significant European market
- 64% WinRho sales into U.S. but only sold for ITP indication; new liquid formulation will allow entry into larger HDN market
- Most of world ITP market untouched
- WinRho SDF™ to be main revenue driver for next three years
- Orphan drug status in U.S. until 2002

Approx. $40 million sales in 2000

Nearly two million high-risk pregnancies treated in almost 30 countries worldwide



PLASMA – THE RAW MATERIAL *Cangene isolates the antibodies needed to make WinRho SDF™ from the plasma of specially selected donors. While historically all female, Cangene now looks for male donors with Rh^- blood types as well. Some of Cangene's dedicated donors have given plasma more than 1000 times each. Plasma donation, called plasmapheresis, is similar to donating whole blood, except the donor's red blood cells are returned, making it possible to give plasma as often as once per week. For more information about Cangene's donor recruitment program, please visit www.cangene.com.*

CANGENE'S PRODUCTS

VARIZIG™

Most adults are immune to chicken pox, but for women who aren't, exposure to chicken pox during pregnancy carries elevated risk of severe pneumonia, and exposure during the first twenty weeks of gestation poses some developmental risk to the fetus. VariZIG™, purified antibodies to *Varicella zoster* virus (the culprit in chicken pox infections), has been tested for its ability to prevent chicken pox in susceptible pregnant women after accidental exposure. Cangene has completed clinical trials for VariZIG™ and is awaiting Canadian approval.

KEY POINTS

- For preventing chicken pox during pregnancy
- Approval expected early next year
- Small market but only one North American competitor

ANTI-HEPATITIS B

Hepatitis B poses grave medical risk. Healthcare workers are one of several groups at risk of infection. The virus is about 100 times more infectious than HIV, and the infection can become chronic and produce severe liver problems. Even individuals who have received Hepatitis B vaccine may be given a hyperimmune product to supplement their own immune reaction when Hepatitis B exposure is suspected. Hepatitis B infection also threatens the new liver in liver transplant recipients.

KEY POINTS

- Pivotal trial complete; expect to file with FDA next year
- The third of Cangene's hyperimmunes to reach advanced clinical testing
- Cangene manufactures an anti-Hepatitis B product for Nabi that is already approved in the U.S. and awaiting Canadian approval
- Potentially large international market
- 140,000–320,000 Hepatitis B infections/year in the U.S. alone; 6–10% become chronic

UNDISCLOSED HYPERIMMUNES

Cangene has several new hyperimmune products in development. In certain cases it maintains confidentiality as long as possible for competitive reasons.

KEY POINTS

- Infectious disease targets
- Most advanced began Phase II trial in Canada mid-2000
- Potentially large international markets

LEUCOTROPIN™

Patients receiving certain types of therapy, for example chemotherapy or bone marrow transplantion, experience lowered white blood cell levels. When these key elements of the immune system are depleted, patients become susceptible to infection and the original treatment may have to be discontinued or reduced. LEUCOTROPIN™, Cangene's first recombinant biopharmaceutical to reach the clinic, is its brand of GM-CSF, a protein that stimulates the production of certain white blood cells. Therapeutic use of LEUCOTROPIN™ may help patients tolerate more aggressive therapies for conditions such as cancer. LEUCOTROPIN™ should compete in a billion-dollar market with other GM-CSFs and G-CSF, a protein with a similar function. Even a small share of this market could be extremely lucrative for Cangene.

KEY POINTS

- Phase III trial investigating LEUCOTROPIN's role in white cell recovery following chemotherapy is underway with sites in Canada and the U.K.; patient recruitment expected to be complete by end of calendar 2000
- Being developed under R&D agreement with Apotex Inc.
- Products of this type compete in a very large (>$1 billion) but competitive world market
- Product distributed in Canada under Special Access Program
- Cost-effective process should allow Cangene to compete based on price

HUMAN GROWTH HORMONE

Some children lack sufficient natural growth hormone to reach the normal stature range. These children may benefit from a product like Cangene's recombinant human growth hormone. This is Cangene's second biopharmaceutical. Like products in the generic drug industry, its first clinical trial was a comparative one in which Cangene's product was compared to a licensed product. The product subsequently began Phase III trials in Hungary and Poland in June 2000, and patient recruitment should be complete in early 2001.

KEY POINTS

- Phase III trials testing the drug's ability to combat abnormally short stature in children with growth hormone deficiency and girls with Turner's Syndrome are underway in Europe
- Being developed under R&D agreement with Apotex Inc.
- These trials are designed to support North American, European and other regulatory submissions
- Very large (>$1 billion) but competitive world market
- Product first entered clinical trials only about one year ago and is already nearing completion of the pivotal licensure trial

ITP Immune Thrombocytopenic Purpura; an autoimmune disorder causing abnormal destruction of blood platelets, potentially leading to severe bleeding

Orphan Drug FDA designation for drugs approved to treat limited patient populations (<200,000); guarantees U.S. market exclusivity for seven years

Parenteral Not administered through the alimentary canal

Peptide A portion of a protein that may or may not have biological activity, and may share some or all activity with a larger protein counterpart

Plasma The fluid (non-cellular) portion of blood

Platelet Small disk-shaped body in the blood – critical for normal blood-clotting

Pivotal trial A definitive trial in a drug licence submission

Recombinant proteins Proteins made from recombinant DNA; often describes proteins made by introducing their genetic information into a selected host cell for commercial production

Turner's Syndrome An X-chromosome-linked genetic disorder in girls that results in short stature and infertility

RHAMM

Not only does scar tissue lack aesthetic merits, its lack of flexibility can pose a severe drawback after surgical procedures. One of Cangene's innovative projects is the development of RHAMM peptides: portions of certain proteins that affect the way tissue heals, possibly reducing scarring.

KEY POINTS

- Early-stage collaborative research project
- Licensing and future development of this project is currently under discussion

CONTRACT MANUFACTURING

Unlike traditional pharmaceuticals, biopharmaceuticals often rely on sophisticated technology for their manufacture. Many of the products are in injectable form, requiring more stringent manufacturing controls than tablets or capsules. The process and cost of building and validating a manufacturing facility may be out of reach for a start-up biotechnology company; even for larger pharmaceutical companies, manufacturing biopharmaceuticals may involve technologies that are outside their sphere of experience.

More than a third of the drugs undergoing clinical trials in the United States are biotechnology products and the number of new products that enter the clinic or are approved each year continues to increase.

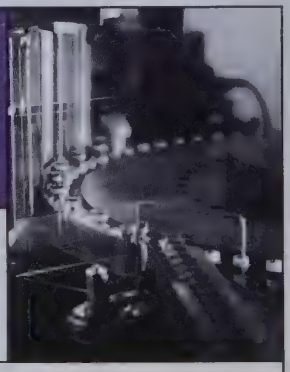
All of this means there is a growing need for manufacturers that offer expertise and validated manufacturing facilities in the process-sensitive area of biopharmaceuticals. Cangene began building its contract manufacturing business to take advantage of its plant capacity, but now sees it as an excellent growth opportunity. Contract manufacturing provides immediate revenue that balances the development time for drugs in Cangene's pipeline.

CONTRACT MANUFACTURING: BUILDING A PRESENCE

- Cangene manufactures a full range of products from a hyperimmune used to treat critically ill infants, to leading-edge products like gene-therapy and antisense compounds
- Cangene gains economies of scale and develops new competencies
- Few competitors – Cangene ideally suited to the high-tech, small-batch needs of biotech/biopharmaceutical companies
- Currently produces about 13.5% of Cangene's revenue; expected to grow significantly over next two years

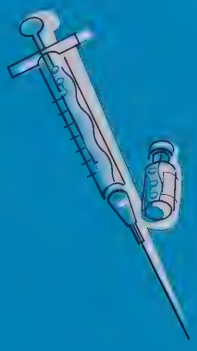
Established reputation – many of Cangene's customers come through word-of-mouth referrals

FDA and HPB-validated, GMP-compliant, ISO 9001 registered facilities



A GROWING MARKET SEGMENT *As the industry matures, companies must move beyond clinical trial lots to commercial-scale production. Few contract manufacturers can offer the combination of specialized services and process development expertise that Cangene offers. The nearly-complete new biopharmaceutical manufacturing facility will allow scale-up to commercial size lots. Cangene's new fermentation suite will be one of the largest in the country operating under the rigorous Good Manufacturing Practices (GMP) standards.*

NEW WAYS TO BUILD A COMPETITIVE PIPELINE



low-risk product development strategy; three independent revenue streams

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

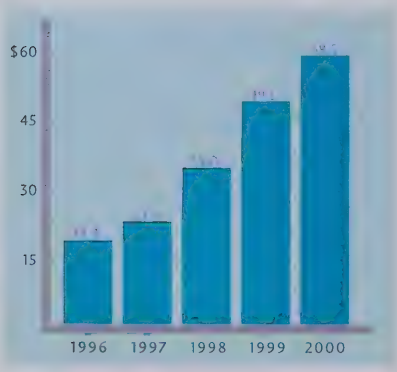
This review contains Management's discussion of the Company's operational results and financial condition, and should be read in conjunction with the accompanying audited financial statements and associated notes.

OVERVIEW

Cangene Corporation is a leading Canadian biopharmaceutical company in the business of developing, manufacturing and commercializing products and technologies for global markets. Revenues are generated by product sales, contract manufacturing, and contract research and development. The Company has two different categories of products in development: hyperimmune products, which are concentrated specialty antibody preparations made from human plasma; and recombinant biopharmaceuticals, which are therapeutic proteins made by introducing a particular gene into a host organism, which in turn produces the protein of interest. Apotex Holdings Inc., the parent company of Apotex Inc. (a leader in the Canadian generic drug industry), holds approximately 83% of Cangene's common stock, down from 86% a year ago. Eighty-one percent of revenues are from non-Canadian sales and are transacted in U.S. dollars.

WinRho SDF™ is the Company's lead product. Revenues from sales of this product, which the Company markets in nearly 30 countries worldwide, supports Cangene's research and development of additional hyperimmune products. The Company continues to concentrate significant marketing efforts on expanding WinRho's sales geographically. Cangene's second hyperimmune product, VariZIG™, an antibody to the chicken pox virus, awaits regulatory approval in Canada after having been granted priority review status. The Company expects this approval during fiscal 2001. The third hyperimmune in Cangene's pipeline is anti-Hepatitis B. It has completed a pivotal bioavailability trial and the company plans an FDA filing next year.

GROSS REVENUE (IN MILLIONS)



The Company's strategy of developing its recombinant biopharmaceuticals as subsequent-entry products is one strategy that differentiates Cangene from other biopharmaceutical companies. Phase III clinical trials on the Company's most advanced recombinant biopharmaceutical product, LEUCOTROPIN™, continue in Canada with the initiation of a second trial that investigates its role in white blood cell recovery following chemotherapy. This trial addresses changes in Canadian clinical practice, and broadens the scope of indications under investigation for the drug. The Company subsequently expanded to sites in the United Kingdom and expects to complete patient recruitment for this trial by the end of calendar 2000. Early in the year the Company terminated its U.S. LEUCOTROPIN™ trial due to slow patient recruitment and changes in clinical practice. The Company completed a comparative bioavailability study for its second recombinant biopharmaceutical, human growth hormone, during fiscal 2000, and during Q4 of fiscal 2000 began Phase III equivalent trials in Poland and Hungary assessing the drug's ability to

combat short stature in children with growth hormone deficiency and girls with Turner's Syndrome. The Company anticipates completing patient recruitment for this trial early next year. The Company's development of a specified number of recombinant biopharmaceuticals is tied to an eight-year, $55-million R&D and distribution agreement with Apotex Inc. To date Cangene has received approximately $37 million under the agreement, which runs until 2003.

A third arm of the Company's product and technology strategy, an innovative R&D program, provides further opportunities for long-term future growth.

Cangene has also initiated significant steps to increase its contract-manufacturing business, and with more than half a dozen contracts in progress, it accounted for about 13.5% of the sales revenue for the 2000 fiscal year. The Company expects continued growth in this area of its business in 2001.

Cangene also has an existing contract-manufacturing agreement with Nabi, a U.S. biopharmaceutical company. Under this agreement, Cangene generates contract revenue from supplying Nabi-HB™ to Nabi for sale in the United States. Cangene has marketing rights to Nabi-HB™ in Canada, and continues to distribute the product under the Special Access Program in anticipation of regulatory approval of the drug. Nabi is responsible for gaining Canadian approval; it filed with the regulatory authorities in October 1999 and has been given priority review status. As referenced earlier, Cangene continues development of its proprietary anti-Hepatitis B product for markets outside the Nabi agreement.

NEW DEVELOPMENTS

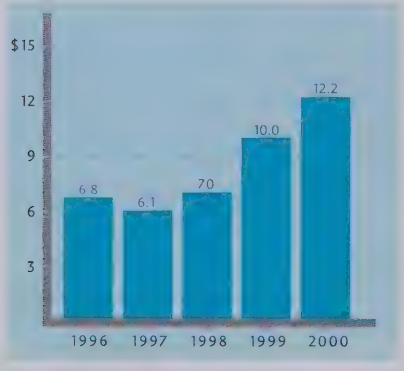
The Company continues construction of the second phase of its biotechnology facility – 30,000 square feet of manufacturing facilities – which will house the fermentation and down-stream processing stages of manufacturing for its biopharmaceutical products. Capital expenditures related to this project to date, including the first phase completed last year, amount to approximately $18 million; total cost is estimated at about $20 million. The Company expects that this facility will be validated and operational in the second quarter of calendar 2001.

In July 2000, the Company received regulatory approval to market its hyperimmune product, WinRho SDF™, in Australia, having earlier received approval for New Zealand. The product will be distributed by CSL Ltd., Australia's largest pharmaceutical company.

New products are moving successfully through various stages of development and in the clinic. Cangene's second hyperimmune product, VariZIG™, completed clinical trials and was granted fast-track approval status in Canada. As referenced earlier, the Company began a new Canadian trial for LEUCOTROPIN™ during the first quarter of fiscal 2000. This trial addresses slow patient recruitment experienced in an earlier trial and will expand the list of indications currently being investigated for the drug. Further to this, it added clinical sites in the U.K. during fiscal year 2000; patient recruitment is progressing well and should be complete by the end of calendar 2000. The Company also completed, as planned, comparative bioavailability trials during the year for its second recombinant biopharmaceutical, human growth hormone, and for its third hyperimmune, anti-Hepatitis B. The human growth hormone trial represents the first time any regulatory agency has authorized a bioequivalence approach for a subsequent-entry biological product. The hGH subsequently entered Phase III trials as discussed earlier. The Company also began a Phase II trial for an undisclosed hyperimmune during the year.

In June 2000, shareholders approved a 3-to-1 stock consolidation (reverse-split). This planned consolidation is part of a strategy to seek a listing on the Nasdaq® Stock Market that the Company plans for 2001. The Board believes that listing the common shares on the Nasdaq® will increase the Corporation's exposure to U.S. investors and the U.S. capital markets. This listing may provide future opportunities for greater liquidity in trading of the shares. The Board also believes that a higher market price, as a result of a consolidation of the Company's common shares, may improve acceptance by U.S. institutional investors.

RESEARCH & DEVELOPMENT SPENDING* (IN MILLIONS)



* after applying investment tax credits [*Note 13*]

The Company has an ongoing agreement with Apotex Research Inc. (ARI) for the drug known as deferiprone (Ferriprox™). Under the agreement, Apotex is responsible for marketing the product worldwide and Cangene receives 50% of any net profits from the sales. In early fiscal 2000, Ferriprox™ received marketing approval in Europe following a positive recommendation by the European Agency for the Evaluation of Medicinal Products, and the Company earned approximately half a million dollars as its share of the profits on sales to date.

During the year, the Company received approval from the Toronto Stock Exchange to initiate a normal course issuer bid for up to 680,000 of the Company's common shares representing approximately 9.5% of the public float. The bid commenced on January 12, 2000 and terminates on December 29, 2000. To July 31, 2000, the Company had acquired a total of 474,800 shares at a cost of $2,788,000. The excess of purchase price over average stated capital purchased and cancelled in the amount of $2,717,000 was charged to retained earnings.

COMPETITION AND MARKETS

The Company continues to seek to expand its market for the sale of WinRho SDF™ in Canada by providing educational information to physicians on its use for the treatment of ITP, a clotting disorder. The drug is widely used in Canada currently for the suppression of Rh isoimmunization in pregnant, non-sensitized Rh^- women (Hemolytic Disease of the Newborn). In the United States, Cangene's largest market, sales are almost entirely for the ITP indication. When the drug was approved for that market in 1995, Cangene was granted Orphan Drug Status for treating ITP, giving it market exclusivity for that indication until 2002. Current competitive products cannot be administered intravenously so cannot be used for treating ITP. Nabi has aggressively promoted WinRho SDF™ throughout the U.S. and is continuing to expand the market. Sales continue to benefit somewhat from a temporary shortage of IVIG, a product indicated for treating many diseases, including ITP. WinRho SDF™ provides a more easily administered alternative in a very cost-effective way. Supply of WinRho to the U.S. market was interrupted near year-end due to certain regulatory issues relating to manufacturing activities at Cangene's facility in Winnipeg. The FDA required additional regulatory submissions for the release of WinRho as well as Nabi-HB™ manufactured under contract, and accordingly the shipment of product to the marketplace was delayed. Shipments of products have returned to normal levels.

Internationally, Cangene has embarked on a more aggressive campaign to market its products. As aforementioned, the Company received marketing approval for WinRho SDF™ in Australia and New Zealand, having previously received approval for the U.K., and is preparing to file across Europe. Cangene's exclusive distribution agreement with CSL Ltd. for the sale of WinRho SDF™ in Australia and New Zealand augurs well for future sales. The Company currently enjoys extensive sales in the Middle East, and this year began shipping into Eastern Europe as well.

The Company expects to receive regulatory approval for the sale of VariZIG™ in Canada during fiscal 2001. There is currently only one North American competitor. Although a chicken pox vaccine is available, VariZIG's utility (as with all hyperimmunes) would be in cases where a vaccine would be inappropriate – either when immediate immunity is desirable or when the patient's immune system is incapable of producing sufficient antibodies for protection.

Cangene is pursuing a subsequent-entry strategy for certain products in its recombinant biopharmaceutical pipeline. As such, it will compete

with already established products in the marketplace. Cangene believes that cost-containment issues within healthcare institutions make the environment favourable for competing on the basis of price. It believes that its manufacturing expertise and cost-effective production technologies will allow it to manufacture products of the highest quality at competitive prices. Both LEUCOTROPIN™ and its human growth hormone product will compete with similar products manufactured by other companies; however, both products address very large markets.

RISK FACTORS

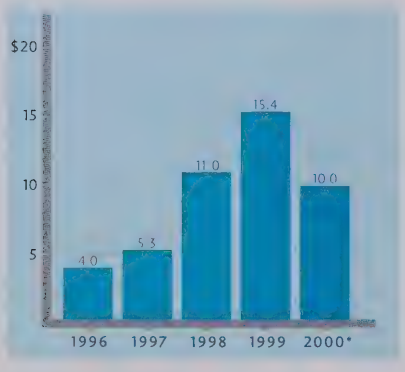
While Cangene does have one product generating sales and has contract-manufacturing revenue, most of its products are still under development. There can be no assurance at this stage that any new products the Company develops will receive regulatory approval. If approved, some of these products will compete with established products of proven safety and efficacy, the manufacturers of which can be expected to employ intellectual property challenges against commercialization of these products by Cangene. There can be no assurance that the Company's products will be commercialized or, if commercialized, that they will be accepted by medical centres, hospitals, physicians, or patients in lieu of existing treatments. Accordingly, there can be no assurance that these products can be successfully manufactured and marketed at prices that would permit the Company to operate profitably.

As discussed above, the Company plans a subsequent-entry approach to the licensing of its biopharmaceutical products. There can be no assurance that regulatory agencies will accept this approach for all the products; if the strategy is found unacceptable by regulatory agencies, the Company would have to follow a full clinical trial program for its biopharmaceutical drugs, which could materially slow their commercialization.

Cangene's profitable manufacture of its hyperimmune products requires the availability of plasma with sufficient antibody levels. Cangene believes it has adequate supplier relationships. There can be no guarantees, however, that shortages will not occur.

Cangene's continued ability to manufacture and ship product is subject to numerous regulatory conditions, which are complex and evolving. The continued supply of product can be interrupted should compliance become an issue. There can be no guarantees that the Company will remain in compliance at all times although the Company undertakes a very stringent quality control, quality assurance and regulatory review process internally, on a continual basis.

NET INCOME (IN MILLIONS)



* includes $5.0-million income tax expense, and special, non-recurring charges of $7.2 million ($4.5 million after tax) *[Notes 7[a] and 17]*

RESULTS OF OPERATIONS

Fiscal year ended July 31, 2000 compared with fiscal year ended July 31, 1999

Net earnings for the year ended July 31, 2000 were $15.0 million or $0.25 per share, excluding the impact of special charges. When adjusted to reflect the special charges, net earnings were $10.0 million or $0.17 per share compared to $15.4 million or $0.26 per share for the year ended July 31, 1999. The special charges include a non-recurring, after-tax charge to cost of sales of $0.05 per share ($4.5 million pre-tax; $2.8 million after tax). This charge results from certain manufacturing activities and regulatory technicalities. As a result of this and a change in profit sharing with respect to WinRho SDF™ sales in the United States, gross margin decreased from 56% in the year ended July 31, 1999 to 50% in the 2000 fiscal year. Until the second quarter of fiscal 2000, Cangene received 60% of profits from sales by its U.S. distributor, Nabi; Cangene now receives 50% as per their distribution agreement. In addition, the results for the year include after-tax charges of $0.03 per share ($2.7 million pre-tax; $1.7 million after tax) relating to the anticipated restructuring of certain distribution agreements outside North America. Management expects margins to remain at or near the 2000 level through fiscal 2001.

Sales for the year ended July 31, 2000 were $47.1 million, an increase of 16% over sales for the year ended July 31, 1999 of $40.6 million. Sales for the year were somewhat impacted by the manufacturing activities mentioned above that affected Cangene's ability to ship product.

Research revenues were $11.2 million for the year ended July 31, 2000, an increase of $2.5 million or 29% over the 1999 fiscal year. This increase is a result of greater development costs associated with Apotex Inc.-funded projects during the year for certain recombinant biopharmaceutical products. To date, the Company has received $37.0 million of a $55-million commitment during the first 57 months of a 96-month term. Research expenditures relating to this contract are expected to remain at or close to the 2000 levels in fiscal 2001. Research expenses for fiscal 2000, net of investment tax credits, were $12.2 million, an increase of 22% over the previous year. This significant increase resulted from the increase in Apotex Inc.-funded projects, as well as an increase in other clinical trial activity and new projects.

As a result of the above-mentioned special charges of $2.7 million related to the restructured distribution agreement, selling, general and administrative expenses for the year increased from $6.1 million in the year ended July 31, 1999 to $8.8 million in the 2000 fiscal year, an increase of 46%.

In the year ended July 31, 2000, Cangene recorded a $5.0-million income tax expense; this compares to only $72,000 in the previous year due to the use of previously unrecognized tax losses carried forward. The weighted average number of common shares used in computing earnings per share was 59,072,860 (59,196,308 for 1999). The Company does not believe that inflation had a material effect on its financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Cash at July 31, 2000 was $16.2 million, an increase of $3.3 million over the previous fiscal year. Working capital was $25.1 million at the 2000 year-end. Cangene completed repayment of a loan from Nabi in the third quarter of fiscal 2000.

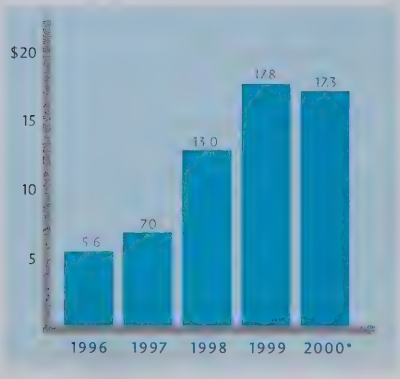
Cash of approximately $14.2 million was used to acquire additional manufacturing and laboratory equipment, and facilities during the year. The Company is on track to complete and validate its biopharmaceutical manufacturing facility during fiscal 2001.

The Company has an $8-million line of credit available from a chartered bank, as well as a $5-million, revolving-term loan from Apotex, the Company's majority shareholder. The Company's ability to generate funds from operating activities, including product sales, contract-manufacturing and research revenue, as well as debt financing from its bank and parent, are expected to provide sufficient liquidity to meet anticipated needs of existing projects, absent the occurrence of any unforeseen events.

ADDITIONAL COMMENTS

The foregoing report contains certain forward-looking comments that involve risks and uncertainties. While the comments reflect management's judgment, there can be no guarantees with such events as regulatory approval, commercial success of new products, the impact of competitive products, pricing, or the availability of raw materials. Actual results may differ materially from those projected.

EBITDA (IN MILLIONS)



* includes special, non-recurring charges of $7.2 million ($4.5 million after tax) *[Note 17]*

NEW WAYS TO CREATE SHAREHOLDER VALUE

one of Canada's fastest-growing companies;
an industry leader
in profit per employee

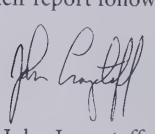
MANAGEMENT'S REPORT

The accompanying consolidated financial statements of Cangene Corporation are the responsibility of management and have been approved by the Board of Directors. The financial statements necessarily include some amounts that are based on management's best estimates, which have been made using careful judgment. The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. Financing and operating data elsewhere in the annual report are consistent with the information contained in the financial statements.

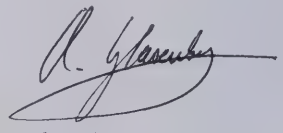
In fulfilling its responsibilities, management of Cangene Corporation maintains internal accounting controls. While no system will prevent or detect all errors or irregularities, the controls are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly recorded, and the financial records are reliable for preparing the financial statements.

The Board of Directors carries out its responsibility with respect to the consolidated financial statements primarily through its Audit Committee, comprising mainly unrelated directors. The Audit Committee meets periodically with management and the external auditors to discuss the annual audit, accounting policies and practices, and other financial reporting matters.

The most recent financial statements have been audited by Ernst & Young, Chartered Accountants, who have full access to the Audit Committee, with and without the presence of management. Their report follows hereafter.



John Langstaff,
President and Chief Executive Officer



Alex Glasenberg,
Chief Financial Officer

AUDITORS' REPORT

TO THE SHAREHOLDERS OF CANGENE CORPORATION

We have audited the consolidated balance sheets of Cangene Corporation as at July 31, 2000 and 1999 and the consolidated statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at July 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in Canada.

Winnipeg, Canada
September 15, 2000

Ernst & Young LLP
Chartered Accountants

CONSOLIDATED BALANCE SHEETS

INCORPORATED UNDER THE LAWS OF ONTARIO

in thousands $'s Cdn	AS AT JULY 31 2000	AS AT JULY 31 1999
ASSETS [note 6]		
Current		
Cash	$ 16,236	$ 12,908
Accounts receivable [note 2]	10,005	7,768
Income taxes recoverable [note 7[b]]	7,817	4,701
Inventories [note 3]	5,738	9,141
Prepaid expenses	879	741
Total current assets	40,675	35,259
Capital assets, net [note 4]	30,788	19,142
Intangible assets, net [note 5]	4,238	4,636
Income taxes recoverable [note 7[b]]	—	3,149
	$ 75,701	$ 62,186
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 14,459	$ 7,680
Current portion of long-term debt [note 6]	1,140	3,905
Total current liabilities	15,599	11,585
Long-term debt [note 6]	3,819	2,845
Deferred income	2,816	2,296
Total liabilities	22,234	16,726
Commitments [note 16]		
Shareholders' equity		
Share capital [note 8]	9,549	8,819
Retained earnings	43,918	36,641
Total shareholders' equity	53,467	45,460
	$ 75,701	$ 62,186

See accompanying notes

On behalf of the Board:

Director

Director

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

in thousands $'s Cdn except per-share data	YEAR ENDED JULY 31 2000	YEAR ENDED JULY 31 1999
Sales [note 15]	$ 47,138	$ 40,569
Cost of sales [note 17]	23,405	17,928
Gross margin	23,733	22,641
Income		
Research [note 10]	11,196	8,667
Other	1,140	269
	12,336	8,936
Expenses		
Research [note 13]	12,242	10,036
Selling, general and administrative [note 17]	8,833	6,057
	21,075	16,093
Income before income taxes	14,994	15,484
Income taxes – current [note 7[a]]	5,000	72
Net income for the year	9,994	15,412
Retained earnings, beginning of year	36,641	21,715
Purchase of common shares in excess of average stated capital [note 8[d]]	(2,717)	(486)
Retained earnings, end of year	$ 43,918	$ 36,641
Basic earnings per share [note 9]	$ 0.17	$ 0.26

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

in thousands $'s Cdn	YEAR ENDED JULY 31 2000	YEAR ENDED JULY 31 1999
OPERATING ACTIVITIES		
Net income for the year	$ 9,994	$ 15,412
Add (deduct) items not involving current cash payments (receipts)		
Depreciation and amortization	2,349	2,279
Net investment tax credits utilized (earned) [note 14[b]]	678	(3,562)
Deferred income recognized	(421)	(509)
	12,600	13,620
Net change in non-cash working capital balances related to operations [note 14[a]]	7,807	3,195
Cash provided by operating activities	20,407	16,815
INVESTING ACTIVITIES		
Purchase of capital assets, net	(14,242)	(4,527)
Contributions received in aid of capital asset purchases	941	1,422
Cash used in investing activities	(13,301)	(3,105)
FINANCING ACTIVITIES		
Issuance of long-term debt	2,114	1,416
Repayment of long-term debt	(3,905)	(3,259)
Proceeds on exercise of stock options	801	366
Purchase of common shares for cancellation [note 8[d]]	(2,788)	(501)
Cash used in financing activities	(3,778)	(1,978)
Net increase in cash during the year	3,328	11,732
Cash, beginning of year	12,908	1,176
Cash, end of year	$ 16,236	$ 12,908

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2000 and 1999

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada applied on a consistent basis. The significant accounting policies are summarized below:

Consolidation

These financial statements consolidate the accounts of Cangene Corporation ["the corporation"] and its wholly-owned subsidiaries, Cangene U.S. Incorporated, Serex International Inc. and Mid-Florida Biologicals Inc.

Inventories

Inventories are valued at lower of cost [calculated on the basis of average cost] and net realizable value.

Capital assets

Capital assets are recorded at cost, net of investment tax credits. Depreciation is provided on the straight-line method over the following periods based on the estimated useful lives of the assets:

Buildings	25 years
Equipment, furniture and fixtures	10 years
Computer equipment	5 years
Leasehold improvements	Term of lease

Intangible assets

Intangible assets are being amortized on a straight-line basis over 20 years for goodwill, 25 and 10 years for establishment licences, and 5 years for technology rights. Management annually assesses the carrying value of intangible assets using its best estimate of undiscounted future cash flows and recognizes any impairment in carrying value when it is identified.

Income taxes

The corporation follows the deferral method of income tax allocation. Deferred income taxes result from the timing differences between deductions claimed for income tax purposes and deductions recorded in the accounts.

Foreign currency translation

The accounts of the corporation's U.S. subsidiaries are translated into Canadian dollars using current exchange rates for monetary assets and liabilities, historical exchange rates for non-monetary assets and liabilities, and the average exchange rate during the year for revenues and expenses. Exchange gains and losses arising on translation are included in income.

Exchange gains and losses arising from transactions in a foreign currency undertaken by the corporation's Canadian operations are included in income for the year.

Revenue recognition

Revenue is recognized when product is shipped [note 11 [a]] or services are provided.

Revenue received in respect of capital assets used for research and development is recorded as deferred income and amortized over the life of the related assets.

Research and development costs

Research and development expenses are charged to income in the year they are incurred, net of related tax credits.

Government assistance

Government assistance in connection with research activities is recognized as an expense reduction in the year that the related expenditure is incurred. Government assistance in connection with capital expenditures is treated as a reduction of the cost of the applicable capital asset.

Federal and provincial investment tax credits are accounted for as a reduction of the cost of the related assets or expenditures in the year in which the credits are earned and when there is reasonable assurance of their recovery. Investment tax credits recorded in advance of their realization are recorded on the balance sheet as income taxes recoverable.

Stock-based compensation plan

The corporation has a stock option plan as described in note 8 [b]. No compensation expense is recognized when stock options are issued to employees. Any consideration paid by employees on exercise of stock options is recorded as an increase to share capital.

Financial instruments

Unless otherwise stated in these financial statements, the fair value of the corporation's financial assets and liabilities approximates their carrying value.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from the estimates.

2. ACCOUNTS RECEIVABLE

As of July 31, 2000, accounts receivable include approximately $4.1 million [1999 – $4.5 million] due from a major customer and $1.5 million [1999 – $0.9 million] due from Apotex Inc., a company under common control [note 10].

3. INVENTORIES

in thousands $'s Cdn	2000	1999
Raw materials	$ 2,583	$ 3,997
Work in process	2,736	2,816
Finished goods	419	2,328
	$ 5,738	$ 9,141

4. CAPITAL ASSETS

	2000			1999		
in thousands $'s Cdn	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land	$ 374	$ —	$ 374	$ 354	$ —	$ 354
Buildings	15,232	918	14,314	10,177	580	9,597
Equipment						
Production	13,630	3,002	10,628	7,423	2,280	5,143
Other	7,888	4,187	3,701	7,031	3,847	3,184
Furniture and fixtures	800	530	270	703	468	235
Computer equipment	2,119	1,074	1,045	1,432	831	601
Leasehold improvements	1,035	579	456	590	562	28
	$ 41,078	$ 10,290	$ 30,788	$ 27,710	$ 8,568	$ 19,142

Building and equipment in the amount of $11,300,000 [1999 – $Nil], are currently under development and therefore are not being depreciated.

5. INTANGIBLE ASSETS

	2000			1999		
in thousands $'s Cdn	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Goodwill	$ 4,175	$ 750	$ 3,425	$ 4,175	$ 541	$ 3,634
Establishment licences	952	173	779	952	123	829
Technology rights	694	660	34	694	521	173
	$ 5,821	$ 1,583	$ 4,238	$ 5,821	$ 1,185	$ 4,636

6. LONG-TERM DEBT

in thousands $'s Cdn	2000	1999
Western Economic Diversification Canada loans, repayable in quarterly instalments of $106,000 to March 1, 2000 and commencing on January 31, 2001 at $380,000, non-interest bearing, unsecured	$ 2,879	$ 2,224
Manitoba Industrial Opportunities Program loan repayable in quarterly instalments of $167,000 commencing January 2, 2002, non-interest bearing subject to certain employment provisions, collateralized by a fixed charge on certain land, buildings and equipment	1,714	940
Industrial Research Assistance Program loan, non-interest bearing, repayable in quarterly instalments based on a percentage of revenues generated from the sale of a particular product commencing May 1, 2004. The loan is forgivable if the product does not go to market and a bonus payment of $250,000 may be payable if the product is successful	366	—
Loan from Nabi [note 11 [b]]	—	3,586
	4,959	6,750
Less current portion	1,140	3,905
	$ 3,819	$ 2,845

Future repayment of long-term debt is as follows:

in thousands $'s Cdn	
2001	$ 1,140
2002	2,020
2003	885
2004	648
2005	266
	$ 4,959

Interest expense on long-term debt amounted to $Nil [1999 – $60,000].

The carrying value of long-term debt exceeds fair value as at July 31, 2000 by approximately $686,000 [1999 – $564,000].

The corporation has available, to a maximum of $8,000,000, a revolving-term loan from a chartered bank, collateralized by a general security agreement in respect to all assets. Interest is payable at the bank prime lending rate. The effective rate of interest during the year was 6.8% [1999 – 6.7%]. The agreement expires on October 31, 2003 and is extendable at the bank's option.

Apotex Holdings Inc., the corporation's majority shareholder, provides the corporation with a $5,000,000 revolving-term loan. Interest is payable at the prime rate plus one percent. The agreement expires in 2002.

7. INCOME TAXES

[a] Income tax provision

The corporation's effective income tax rate is determined as follows:

	YEAR ENDED JULY 31 2000	YEAR ENDED JULY 31 1999
Combined statutory federal and provincial tax rate	45.9%	45.9%
Adjusted for		
Current year losses of U.S. subsidiaries for which the tax benefit has not been recognized	5.1	—
Manufacturing and processing profits deduction	(7.0)	(7.0)
Utilization of scientific research expenditures and investment tax credits not previously recognized	(11.7)	(38.9)
Effective tax rate	32.3	—
Large corporations tax	1.0	0.5
	33.3%	0.5%

The consolidated income tax provision takes into account management's best estimate of the appropriate treatment for income tax purposes of scientific research expenditures and investment tax credits. This determination is subject to review and acceptance by the income tax authorities. Should they not agree with the determination made by the corporation, material adjustments to the consolidated tax provision could be necessary. Such adjustments, which are not anticipated, will be recognized, as they become known to the corporation, in the financial statements.

[b] Scientific expenditures and investment tax credits carry forward

The corporation has available, and has fully recognized for accounting purposes, investment tax credits and scientific expenditures with a potential tax value at July 31, 2000 of $7,817,000. At July 31, 1999, the equivalent available amount was $9,950,000 of which $7,850,000 had been recognized for accounting purposes.

[c] Tax losses of U.S. subsidiaries

Non-capital losses of the U.S. subsidiaries in the amount of $1,800,000 US [1999 – $600,000 US], available for federal carryforward purposes, are partially restricted and to that extent, may not be entirely available for use in future years pursuant to Section 382 of the Internal Revenue Code. The losses expire in the years 2001–2015. The benefit of these losses has not been given recognition in the financial statements.

8. SHARE CAPITAL

[a] Authorized and issued

The corporation's authorized share capital comprises an unlimited number of preferred shares, Class A preferred shares and common shares.

Issued share capital is comprised of common shares as follows:

in thousands $'s Cdn except share data

July 31, 1998	# 59,147,220	$ 8,468
Options exercised	165,100	366
Shares purchased and cancelled	(101,900)	(15)
July 31, 1999	59,210,420	8,819
Options exercised	315,750	801
Shares purchased and cancelled	(474,800)	(71)
July 31, 2000	# 59,051,370	$ 9,549

[b] Stock options

The Board of Directors may authorize the issuance of up to 8,000,000 common shares [1999 – 4,000,000] upon the exercise of options by employees and directors under a stock option plan provided that the number of options outstanding to any one individual at any time does not exceed 5% of the outstanding shares. The exercise price of options granted under the plan cannot be lower than the average market price of the corporation's common shares for the five days preceding the date the options are granted. These options expire no later than 5 and 8 years after the date they are granted for directors and employees, respectively, and vest evenly over a period of four fiscal years.

A summary of the status of the corporation's stock option plan as of July 31, 2000 and 1999 and changes during the years ending on those dates is presented below:

	2000		1999	
	Number of Shares	Weighted-average exercise price	Number of Shares	Weighted-average exercise price
Outstanding at beginning of year	3,092,600	$ 2.78	2,513,800	$ 2.52
Granted	1,467,900	6.28	812,100	3.50
Exercised, cancelled or expired	(364,050)	2.75	(233,300)	2.44
Outstanding at end of year	4,196,450	$ 4.01	3,092,600	$ 2.78
Options exercisable at end of year	2,446,775	$ 3.12	1,698,125	$ 2.45

The following table summarizes information about share options outstanding at July 31, 2000:

	Options Outstanding				Options Exercisable	
	Exercise price	Number outstanding	Weighted-average remaining contractual life	Weighted-average exercise price	Number outstanding	Weighted-average exercise price
$	1.41	250,000	3.0 years	$ 1.41	250,000	$ 1.41
	2.03	25,000	2.0	2.03	18,750	2.03
	2.04	948,750	4.7	2.04	948,750	2.04
	3.55	800,925	5.0	3.55	564,475	3.55
	3.50	741,200	5.6	3.50	335,150	3.50
	4.65	673,875	6.6	4.65	140,475	4.65
	4.67	50,000	7.3	4.67	12,500	4.67
	8.03	706,700	7.3	8.03	176,675	8.03
$	1.41–8.03	4,196,450	5.6 years	$ 4.01	2,446,775	$ 3.12

[c] Warrants

At July 31, 2000, there are 5,300,000 warrants outstanding for the purchase of common shares with an exercise price of $2.32 per common share [note 12].

[d] Purchase of common shares

The corporation has received approvals from the Toronto Stock Exchange to initiate normal course issuer bids for up to 680,000 [1999 – 700,000] of the corporation's common shares which represented approximately 9.5% [1999 – 9.3%] of the public float. The bids commenced on January 12, 2000 [1999 – January 13, 1999] and terminate on December 29, 2000 [1999 – December 31, 1999]. During the year ended July 31, 2000, the corporation acquired a total of 474,800 [1999 – 101,900] shares at a cost of $2,788,000 [1999 – $501,000]. The excess of purchase price over average stated capital of shares purchased and cancelled in the amount of $2,717,000 [1999 – $486,000] was charged to retained earnings.

[e] Reverse share split

On June 27, 2000, the corporation received shareholder approval to consolidate its outstanding common shares on a three-to-one basis. The corporation has not yet determined a date for the consolidation.

9. EARNINGS PER SHARE

[a] Weighted-average number of common shares

Earnings per share has been calculated based on the weighted-average number of common shares outstanding during the year of 59,072,860 [1999 – 59,196,308].

[b] Fully diluted earnings per share

Fully diluted earnings per share for the year ended July 31, 2000 is $0.16 [1999 – $0.26].

10. DESCRIPTION OF APOTEX RESEARCH AND DEVELOPMENT AGREEMENT

The corporation has a $55-million agreement, expiring October 31, 2003, with Apotex Inc. to support the development of certain biopharmaceutical products. Currently, virtually all of the corporation's research revenue is earned under this agreement. To July 31, 2000, the corporation has received $37.0 million [1999 – $25.3 million]. Research revenue is based on the direct research costs plus a contribution to overhead. Under this agreement, Apotex Inc. will be entitled to receive a 12% royalty on net sales of certain biopharmaceutical products developed by the corporation and a further right to distribute the products. Apotex Inc. and the corporation will share profits equally. No sales of biopharmaceutical products developed pursuant to this agreement have been made to July 31, 2000.

11. AGREEMENTS WITH NABI

[a] Distribution agreement and revenue recognition

The corporation has a distribution agreement with Nabi that provides Nabi with exclusive rights to market and distribute the corporation's WinRho SDF™ product in the U.S. until March 2005 [note 15]. Revenue from sales of WinRho SDF™ by Nabi is recognized by the corporation upon shipment by Nabi from their warehouse to the customer.

[b] Loan

As part of the distribution agreement, the corporation received a loan for capital improvements of $3,586,208. The loan was non-interest bearing, unsecured and was repaid during the year ended July 31, 2000.

[c] Contract manufacturing agreement

The corporation has a manufacturing agreement with Nabi.

12. ACQUISITION OF DEFERIPRONE

On November 5, 1996, the corporation acquired the rights to a new drug, deferiprone, from Apotex Research Inc. ["ARI"], a company under common control, in exchange for warrants to purchase 5.3 million common shares of the corporation. The corporation receives 50% of any net profits from sales of the drug worldwide. The warrants are exercisable at $2.32 per share. 2,650,000 warrants are exercisable when the product is approved for sale in Europe and Canada, and 2,650,000 warrants are exercisable if the corporation's share of the profits reaches $2 million in any 12-month period. 50% of the warrants expire if not exercised by November 5, 2001 and the remaining warrants expire on November 5, 2003. During the year ended July 31, 2000, the corporation recognized revenue of $478,000 representing its share of the net profits from the worldwide sales of deferiprone.

13. GOVERNMENT ASSISTANCE

In addition to the non-interest bearing government loans [note 6], the corporation has received a nominal amount of assistance from government agencies and these amounts have been included in the determination of income as a reduction in research expenses.

In addition, federal and provincial investment tax credits, relating to scientific research activities, amounting to $4,023,000 [1999 – $3,562,000] were similarly included in the determination of income.

14. SUPPLEMENTARY INFORMATION FOR CONSOLIDATED STATEMENTS OF CASH FLOWS

[a] Net decrease (increase) in non-cash working capital balances related to operations:

in thousands $'s Cdn	YEAR ENDED JULY 31 2000	YEAR ENDED JULY 31 1999
Accounts receivable	$ (2,237)	$ (2,569)
Inventories	3,403	4,025
Prepaid expenses	(138)	(316)
Accounts payable and accrued liabilities	6,779	2,055
	$ 7,807	$ 3,195

[b] Net investment tax credits utilized (earned) associated with research activities are as follows:

in thousands $'s Cdn	YEAR ENDED JULY 31 2000	YEAR ENDED JULY 31 1999
Research expenses reduced by investment tax credits earned	$ (4,023)	$ (3,562)
Income tax expense not requiring a current cash payment due to the utilization of investment tax credits	4,701	—
	$ 678	$ (3,562)

[c] Cash paid for interest and income taxes:

During the year ended July 31, 2000, the corporation paid $Nil [1999 – $47,000] and $253,000 [1999 – $283,000] for interest and income taxes respectively.

15. SEGMENTED INFORMATION

The corporation operates entirely in the biopharmaceutical industry. WinRho SDF™ sales constitute approximately 82% of the corporation's revenue [1999 – approximately 75%].

The corporation's assets are primarily located in Canada.

Revenues by geographic region are as follows:

in thousands $'s Cdn	YEAR ENDED JULY 31 2000	YEAR ENDED JULY 31 1999
Canada	$ 9,014	$ 8,104
United States	28,493	28,219
International	9,631	4,246
	$ 47,138	$ 40,569

16. COMMITMENTS

[a] Operating leases

At July 31, 2000, the corporation had commitments under operating leases requiring minimum annual payments as follows:

in thousands $'s Cdn	
2001	$ 305
2002	307
2003	311
2004	291
2005	294
Thereafter	535
	$ 2,043

[b] Royalties

Under an agreement expiring in 2005, the corporation pays royalties to the New York Blood Center, Inc. based on 3% of sales of WinRho SDF™. During the year, these royalties amounted to $1,196,000 [1999 – $926,000].

17. NON-RECURRING CHARGES

Certain charges result from transactions or events that are not expected to re-occur and do not typify normal business activities of the corporation. Cost of sales includes a charge of $4.5 million resulting from certain manufacturing activities and regulatory technicalities. Selling, general and administrative expense includes a charge of $2.7 million relating to the restructuring of certain distribution agreements outside North America.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

DIRECTORS

R. CRAIG BAXTER [1] **CORPORATE SECRETARY AND DIRECTOR** *Mr. Baxter graduated with a B.Comm. from Concordia University and is a Certified Management Accountant. He has 20 years' experience in financial management, 15 of which have been spent at Apotex. Mr. Baxter is currently President of Apotex International, Inc. and Executive Vice President of Apotex Inc.*

ALEX GLASENBERG [2] **CHIEF FINANCIAL OFFICER AND DIRECTOR** *Mr. Glasenberg is a chartered accountant and graduated with an MBA from Harvard Business School in 1984. He filled various financial positions in a large international conglomerate, as well as serving in the corporate finance division of a large Canadian bank, prior to joining Apotex in 1990. He is now Vice President – Finance at Apotex Inc.*

JACK M. KAY [3] **DIRECTOR** *Mr. Kay has more than 25 years' experience in pharmaceutical management and sales, including 18 years with Apotex. He has academic training in business administration from the University of Manitoba and McGill University. Mr. Kay is President and COO of Apotex Inc., serves on the board of Barr Laboratories, Inc., and is Vice-Chairman of the Canadian Drug Manufacturers Association.*

JOHN LANGSTAFF [3] **PRESIDENT, CHIEF EXECUTIVE OFFICER AND DIRECTOR** *Dr. Langstaff graduated from the University of Manitoba with a PhD in Microbiology in 1981. Dr. Langstaff served as Vice President of Operations and Research at ABI Biotechnology and through its evolution to Rh Pharmaceuticals. He became President and CEO when Apotex acquired Rh, a role he continued when Rh amalgamated with Cangene in 1995.*

JOHN NYSTROM [1,2,3,4] **DIRECTOR** *With 29 years of industry experience and 19 years with U.S. consulting firm Arthur D. Little, Inc., Dr. Nystrom joined the Medicines Company in 1998. He is a member of its management committee and currently holds the position of Vice President and Chief Technical Officer. The Medicines Company, based in Cambridge, Massachusetts, selectively acquires late-stage drug candidates for development and commercialization. It is listed on the Nasdaq® Stock Market under the symbol MDCO.*

BERNARD C. SHERMAN **CHAIRMAN** *Dr. Sherman graduated with a PhD from M.I.T. in 1967 and founded Apotex in 1974. Currently Chairman and CEO of Apotex Inc., Dr. Sherman is also a director of the Canadian Drug Manufacturers Association and a principal shareholder of Barr Laboratories, Inc. He serves on the Boards of Governors for Mount Sinai Hospital and the Baycrest Centre for Geriatric Care.*

MICHAEL SPINO **DIRECTOR** *Dr. Spino completed his doctoral fellowship at the Toronto Western Hospital in 1975. He subsequently worked as Senior Scientist at the Research Institute, Hospital for Sick Children in Toronto, and taught in the faculties of Pharmacy and Medicine at the University of Toronto. Dr. Spino joined Apotex Inc. in 1991 where he is Senior Vice President – Scientific Affairs.*

RICHARD W. TAYLOR [1,2,3,4] **DIRECTOR** *Mr. Taylor has 39 years' experience in the healthcare sector. He currently acts as consultant to several large healthcare companies. He also spent 15 years within the Johnson & Johnson Inc. organization in senior management roles.*

1 *Member of Compensation and Governance Committee*
2 *Member of Audit Committee*
3 *Member of Strategic Planning Committee*
4 *Member of Nominating Committee*

OFFICERS

WILLIAM LABOSSIERE BEES VICE PRESIDENT, OPERATIONS
JOHN W. MCMILLAN GENERAL MANAGER
WENDY JOHNSON VICE PRESIDENT, RESEARCH & DEVELOPMENT
ANDREW D. STOREY VICE PRESIDENT, QUALITY ASSURANCE/CLINICAL & REGULATORY AFFAIRS

CORPORATE INFORMATION

ANNUAL MEETING OF THE SHAREHOLDERS	Tuesday January 23, 2001 at 4:15 p.m. The TSE Conference Centre The Exchange Tower 130 King Street West, Toronto, Ontario, M5X 1J2
SHARE REGISTRAR AND TRANSFER AGENT	Montreal Trust Company of Canada c/o Computershare Investor Services 100 University Avenue, 8th Floor Toronto, Ontario, M5J 2Y1
HEAD OFFICE AND MANUFACTURING FACILITIES	104 Chancellor Matheson Road Winnipeg, Manitoba, R3T 5Y3 Telephone (204) 275-4200 Facsimile (204) 269-7003
MISSISSAUGA OFFICE AND INVESTOR RELATIONS	3403 American Drive Mississauga, Ontario, L4V 1T4 Telephone (905) 673-0200 Facsimile (905) 673-5123 Investor Relations direct telephone (905) 405-2900 Investor Relations email jcompton@interlog.com
CORPORATE WEBSITE	www.cangene.com
FISCAL YEAR-END	July 31st
TRADING SYMBOL	CNJ (Toronto Stock Exchange)
52-WEEK TRADING RANGE	C$4.20-$12.00 (at July 31, 2000)
AVERAGE DAILY TRADING VOLUME	26,406 (Fiscal 2000)
SHAREHOLDER INQUIRIES	For further information about Cangene and its activities, please contact Ms. Jean Compton, Manager of Investor Relations at Cangene in Mississauga, (905) 405-2900, or by e-mail at jcompton@interlog.com

QUARTERLY FINANCIAL RESULTS *in thousands $'s Cdn except per-share data*

	QUARTER ENDED OCTOBER 31, **1999**	QUARTER ENDED JANUARY 31, **2000**	QUARTER ENDED APRIL 30, **2000**	QUARTER ENDED JULY 31, **2000***
Total revenue	14,542	16,199	15,353	13,379
Net Income	3,800	4,137	4,079	(2,022)
Earnings per share	0.06	0.07	0.07	(0.03)
EBITDA	6,026	6,621	6,369	(1,723)
EBITDA per share	0.10	0.11	0.11	(0.03)

* Includes special, non-recurring charges of $7.2 million before tax ($4.5 million after tax)

QUARTERLY STOCK MARKET INFORMATION *for years ended July 31*

	FIRST QUARTER		SECOND QUARTER		THIRD QUARTER		FOURTH QUARTER	
	2000	1999	**2000**	1999	**2000**	1999	**2000**	1999
High*	**5.15**	4.50	**8.50**	5.25	**12.00**	5.50	**9.95**	5.10
Low*	**4.20**	3.35	**4.40**	3.50	**5.90**	4.65	**7.00**	4.45
Close*	**4.65**	4.00	**6.40**	4.80	**8.25**	4.95	**9.50**	5.00
Volume	**629,738**	394,125	**1,541,216**	622,143	**1,665,856**	611,368	**2,843,928**	390,743

* Highs and lows based on board lot trades on the TSE; closing price based on last business day of the quarter

CANGENE CORPORATION

CANGENE

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